

Bill would Exempt Families' BP Oil Disaster Payments from Federal Taxes
June 24, 2010

WASHINGTON, DC — Today, U.S. Congressman Charlie Melancon (LA-03) introduced legislation to protect from taxes the relief payments people affected by the oil disaster receive from BP. Neither the Internal Revenue Service nor the new head of the independent agency charged with distributing the \$20 billion in relief compensation from BP have clarified whether the payments would be taxed by the federal government.

“With the oil spill hurting Louisiana’s three major economic sectors – seafood, offshore energy production, and tourism – thousands of people are struggling to pay their bills and get by day to day,” said Congressman Melancon. **“Compensation from BP will help, but during this uncertain time Louisianians will need to stretch every dollar and should not have to worry about setting aside a portion of the payments for taxes. My bill will make it clear that the IRS will not take any of what BP pays them, giving oil disaster victims the reassurance they need to make it through this difficult time and start planning for their futures.”**

Congressman Melancon’s *Oil Spill Tax Relief Act of 2010* is modeled after legislation passed after the 9/11 terrorist attacks that exempted payments from the 9/11 Victims Compensation Fund from income taxes.

[Click here to read the bill.](#)

After Hurricanes Gustav and Ike, Congressman Melancon fought to lower the tax burden on Louisianians rebuilding after the storms. Congressman Melancon introduced the [Fair Disaster Tax Relief Act](#)

, which was later [passed as part of a larger disaster relief package](#)

in the fall of 2008. The Melancon provision that became law increased the tax deduction homeowners could claim for property damage caused by the storms.

Yesterday, Congressman Melancon called on BP to suspend bonus payments to top-ranking executives and apply the money toward helping Louisianians impacted by the oil spill in the Gulf. [In a letter to BP Chairman Carl-Henrik Svanberg](#), Congressman Melancon noted that BP CEO Tony Hayward’s 2009 bonus of \$3 million would cover the cost of salaries for 50 offshore workers who have lost their jobs due to the moratorium imposed because of the oil spill.

Congressman Melancon represents in Congress the areas of coastal Louisiana most directly affected by the oil leak, including Plaquemines, St. Bernard, Terrebonne, Lafourche, St. Mary and southern Jefferson Parishes. The Deepwater Horizon platform was located 50 miles off the coast of Louisiana’s Third Congressional District.

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